

**COUNTY OF ERIE**  
**COUNTY CONTROLLER'S**  
**AUDIT REPORT**



2015  
ANNUAL REPORT

MARY E. SCHAAF  
COUNTY CONTROLLER

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COUNTY CONTROLLER



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**Mary E. Schaaf**  
*County Controller*

**Mark J Orlop**  
*Manager of Internal Audits*

**DATE: MARCH 31, 2016**

**TO: COUNTY COUNCIL  
COUNTY EXECUTIVE**

The Erie County Home Rule Charter mandates that the Controller shall insure that all payments and obligations incurred by the County are in accordance with the law, county contracts and the provisions of the Charter.

This annual post-audit report covers the examination of selected cash accounts and related records of the General Fund, Special Revenue, Debt Service and Trust and Agency Accounts of Erie County for the year ended December 31, 2015 as indicated in the Administrative Code. Each audit examination was conducted in accordance with Auditing Procedures as described on Page 2.

As the independent watchdog for Erie County taxpayers promoting transparency and accountability in each of Erie County's agencies, boards, commissions, departments and offices, the Controller has issued additional comments. Our audits and examinations have resulted in the recovery of County monies, implementation of new controls, and improved existing control systems resulting in budget savings to the County and its taxpayers.

Mary E. Schaaf  
Erie County Controller

Mark J. Orlop  
Manager of Internal Audits

## Audit Procedures

### **Cash Accounts:**

The following audit procedures have been applied to the cash accounts contained within this report.

1. Bank statements were reconciled at December 31, 2015.
2. Total deposits per the bank statements for the year ended December 31, 2015 were compared to total receipts written.
3. Total disbursements per the bank statements for the year ended December 31, 2015 were compared to total disbursements.

### **Disbursements:**

Domestic Relations, E-911, Emergency Management, General Fund, Planning and Public Health Disbursements were tested for legality of claim, existence of proper documentation and proper account coding. Legality of claim includes examination of purchase orders, where appropriate, review of proper approval, examination of invoices for mathematical accuracy and comparison of disbursements with budgeted amounts.

### **Payroll:**

The Controller's Office receives notification of employee terminations, hiring and payroll rate changes from the Personnel Office. Gross pays are examined for the first pay period of new employees and the last pay period of terminated employees to assure a proper payroll cut off. We examine authorizations for payroll rate changes and retroactive pays, where appropriate, so as to compare them to the payroll register.

## 2015 Current Findings and Recommendations

### **Remittance of License Fees:**

During our review of the State Revenue Account we noted that funds collected for the sale of dog licenses were not being remitted to the State on a timely basis. Money collected during the month of August was not remitted to the State until October 29, 2015 and money collected in October was not remitted to the State until 12/11/15. Section 459-200d of the PA Dog Law states:

“All dog license fees paid to an agent under this act, less compensation if collected, shall be paid by those agents into the State Treasury for deposit in the Dog Law Restricted Account at least once a month...”

Section 459-200h of the PA Dog Law states:

“An agent who fails to comply with this act or regulations adopted under this act relating to the issuance, recording of data or remitting of costs for dog licenses issued shall not be entitled to retain the sum under subsection (b) for his services but shall pay the sum to the State Treasury for deposit into the Dog Law Restricted Account. Delinquent agents are subject to a penalty of 10% per month on any outstanding balance of dog license money due the department, which penalty shall be compounded on a monthly basis...”

Although the State did not assess any penalties to the County, we recommend the Director of Revenue ensure all funds due to the State are paid by the end of the following month to avoid the possibility of penalties being assessed in the future.

### **State Account Outstanding Reconciling Items:**

There are numerous unresolved reconciling items on the December 2015 bank reconciliation totaling \$2,617.83. Most notable of the items are three deposits totaling \$2,322.50 that were never deposited in the bank. Two of the deposits are checks that were scanned and submitted to the bank but the bank does not have a record of the deposits being delivered. The other deposit is checks that do not appear to have been scanned. These deposit errors occurred in July of 2015, but were not discovered until February of 2016 when the July bank reconciliation was completed. Since the checks are now past 180 days old, they cannot be rescanned and deposited. Other unresolved items include sub agent discrepancies, NSF payments, and recording errors.

We recommend that the Revenue Accountant research the old reconciling items and recover all funds that can be collected. Any amounts that cannot be collected should be written off and the Director of Revenue should request reimbursement for any shortages from the County's General Fund. We also recommend adding procedures to prevent, detect and resolve

discrepancies in the future. The procedures should include verifying all deposits submitted were received by the bank, running a rejected deposit report each day, and requiring the action being taken to resolve discrepancies being documented on the bank reconciliation.

### **Edmund L. Thomas Center and Shelter:**

The Controller found that Contract No. 1601-915 (2015-251) for food service to the Edmond L. Thomas Center and Shelter made on July 1, 2015 violated the Erie County Purchasing Code by exceeding the \$25,000 minimum advertising and bidding requirement. Based upon the expenditure for the month of July 2015 of \$17,774, the 12 month contact cost will be approximately \$213,294.

The Administration responded the Purchasing Code was not followed because this was an emergency due to Pleasant Ridge Manor East closing and they would no longer be able to provide meals for ELT. No provision for a new food service plan had been made during the two year period the County knew of the PRM East closing. The ELT 2014 Budget shows that approximately \$64,000 was spent for food and the 2015 ELT meal budget was \$86,000. The Emergency Code which requires a written report stating the nature of the emergency, the reasons why the purchase is required for the health, safety and welfare of the people, and a statement that there is a present, immediate and existing emergency which could not be reasonably foreseen was also violated. No report had been filed. The Purchasing Director and County Executive stated that they did make phone calls in the spring of 2015 but were unable to solicit bids from any other providers.

In response, the Administration did advertise and bid the ELT Food Service Contract on 10/13/15 and the Contract was awarded within the County Purchasing Code.

The Controller 's Office audit of the July 2015 ELT meal invoices found that the invoices included meals provided to third shift staff for an approximate total cost of \$6840 per year. The negotiated PSSU Contract obligates providing meals to first and second shift staff during the regular meal periods; however, third shift staff was also receiving meals. In response to the Controller's audit, on 10/8/15, ELT issued a memo to all employees that meal orders are no longer permitted for third shift counselors since that is outside of regular meal times. Due to the cost of \$9.50 per meal, the Controller inquired about ELT utilizing the National School Lunch Program for potential cost savings to the County. OCY confirmed that a past ELT Director discontinued completing the submission for NSLP funding. The Controller has requested that the current ELT and OCY Directors resubmit for NSLP funding as soon as possible in order to reduce the County cost.

In October 2015, the Controller reviewed Purchase orders for two replacement commercial refrigerators totaling \$3820. The ELT inventory already includes six refrigerators, two freezers, two stoves, four dishwashers, two microwaves. The Controller notified the Administration that this continued purchase of commercial appliances for ELT is not justified due to the catered Meal Contract. The juvenile population at ELT Detention and Shelter averaged 15 per day during July 2015 with an average of 51 meals served per day. Breakfast and snacks are additionally provided above the Contract.

## **County Leases:**

Pursuant to Article III, Section 2F of the County Administrative Code, the Controller did not find the terms of the one-year lease agreement for the Erie County Department of Drug and Alcohol Abuse at the RWCE Building at 155 West 8<sup>th</sup> Street, Suite #418 fair and reasonable due to the abundance of quality less expensive office space available. The Controller refused to approve the lease in both 2014 and 2015. Additionally, the RCWE Holding Company lease for office space for Child Care Information Services at 155 West 8<sup>th</sup> Street, Suites 301, 304, 306, 307, 310 and 316 was not found fair and reasonable by the Controller in 2014 and 2015. The Controller recommended to the County Executive that the leases be renegotiated or the County should relocate these offices.

## **2015 Unresolved Findings and Recommendations**

### **State Account Bank Reconciliation:**

In the 2013 and 2014 Controller Reports we noted that bank reconciliations were not being completed in a timely manner. We recommended the Revenue Accountant complete the bank reconciliation within 30 days of the receipt of the bank statement. We also recommended the Director of Revenue review and initial the completed bank reconciliations. The reconciliations are still not being completed within 30 days of the receipt of the bank statement. Bank reconciliations for the months of June 2015 through December of 2015 were unavailable for review until March of 2016.

We continue to recommend the Director of Revenue ensure that bank reconciliations are completed within 30 days of the receipt of the bank statement. We also request that the Director submit copies of the completed bank reconciliations to the Controller's Office after they have been reviewed.

### **Inadequate Audit Coverage Due to Budget Reductions:**

With the elimination of a Senior Auditor position in 2009, the staffing levels of the Controller's Office are not sufficient to meet the requirements of the mandated duties of the County Home Rule Charter to ensure the taxpayers that the internal controls are functioning properly. In order for the County Controller's office to fulfill the duties outlined in the Administrative Code as well as meet the State mandated schedule for District Magisterial Audits, we recommend that the Senior Auditor position be restored.

### **Working Maintenance Supervisor Contract:**

In January 1, 2014, the County entered into a 10 year contract totaling \$810,410 for a Contracted Company for a Working Maintenance Supervisor with ability to perform highly skilled electrical and plumbing work to replace the County's Maintenance Supervisor who was retiring 6/30/14. The County has been paying regular time at \$87.75 per hour, overtime at \$129.65 per hour and double time at \$166.70 per hour to this contracted Supervisor in addition to the annual contract fee of \$67,500 in 2014 and \$70,200 in 2015. The Contract does not specify the hours per week that the Contract encompasses. The retiring County employed supervisor was not eligible for overtime time or double time regardless of the hours. The Controller has met with the Administration several times over this issue and has recommended that the Contract be reexamined.

Also in 2014, the new position of Manager of Facilities and Operations was created. The 2014 County Facilities Wages and Fringes were \$453,655 and in 2015, \$582,993 was budgeted for an increase of 28.5% this does not include the Contracted Supervisor fee of \$70,200. In

addition, invoices paid to electrical and plumbing Maintenance and Repair vendors were \$1,219,861 in 2014 and \$1,217,480 in 2015.

## **County Financial Management System:**

The County's Financial Management System continues to be a cumbersome, inefficient and user unfriendly technology. Attempts to upgrade the original system from 1997 have resulted in additional cost for each upgrade as well as extensive training time for all departments during regular work hours. The system is down frequently. The upgraded Purchasing Order System still does not contain invoices and back-up documentation.

Financial transparency and accountability for the County requires more than a band aid and the Controller continues to recommend implementation of a new user friendly, comprehensive and technologically advanced financial system.

## **Review of County Purchasing:**

In 2014 the Controller found failures in the adherence to the County Purchasing Code requiring competitive quotes and bids and sole source documentation. There was evidence of excessive use of Open Purchase Orders, lack of documentation of hours and cost on maintenance invoices, lack of bundling for bulk discounts, potential contract splitting and possible duplicate services. The Controller recommended the following:

1. The County Procurement Manager must comply with all aspects of the County Purchasing Code relative to contract bidding.
2. The County should avoid use of open purchase orders with vendors.
3. The County should seek to bundle purchases for bulk discounts through the State, the Erie County COG and other government sources.
4. Quotes for purchases between \$12,500 and \$25,000 should be documented.
5. If only one provider is possible, a sole source letter must be documented.
6. The thresholds for competitive public bidding and vendors quotes should be re-evaluated and lowered.
7. All efforts are to be made to ensure the County is receiving the best services at the lowest price.

After meeting with the Administration, the Procurement, Facilities and Operations Departments were reorganized creating a separate position for the prior Procurement Manager as Manager of Facilities and Operations and the hiring of a new Director of Purchasing.

The new Director of Purchasing has made significant progress in meeting the above goals in 2015 especially in reducing the number of Open Purchase Orders. However, as of 2016, 721 open purchase orders still exist. Of these, 103 have spending limits greater than \$25,000, 17

greater than \$100,000, and 3 greater than \$500,000. Open Purchase Orders are not bid which is contrary to the Purchasing Code requiring bids for purchases over \$25,000.

## Prior Audit Resolved Findings and Recommendations

### **Prison Staff Instruction Time at Academy:**

Mercyhurst University sponsors the Northwest PA Corrections Training Academy. In exchange for providing training space and other materials the Erie County Prison gets a discount on the tuition Mercyhurst charges. Additionally, several ECP employees are certified trainers and serve as instructors for the Academy. Mercyhurst pays instructors for the time they are providing Academy training. ECP policy requires instructors to use leave time when providing academy training during their regular work hours.

In 2014 the Controller's Office reviewed the payroll records for the Prison Managers that were instructors at the Academy for the classes held during the spring of 2014 and the fall of 2013. We noted the following findings and recommendations for improvement:

We found some instructors did not record their leave time until the Academy classes were completed. This required Human Resources to adjust their vacation balances after the pay periods were closed. We recommended that the instructors enter their time on the day the training occurred.

We found that the Prison Accountant did not receive a copy of the instructor schedule and was not notified of schedule changes. We recommended that the Training Coordinator provide the Prison Accountant with a copy of the training schedule and notify the accountant by email with any changes to the scheduled instructor the day the change occurred.

As a follow-up to these findings, we examined the payroll records for the Prison Managers who were instructors during the Academy classes that took place in the fall of 2014 and the spring of 2015. We verified the Prison Accountant had received copies of the Academy class schedules and obtained copies from her. We compared the scheduled instruction dates to the dates the managers entered their time in the AOD system.

We found that most days the managers were entering their leave time for scheduled classes the same day or the day after the class. All leave time was entered in the pay period that the classes occurred and Human Resources did not need to make any adjustments to leaves balances.

On 5/11/15 the scheduled instructor for the Uniform Regulations class was changed. The Prison Accountant was sent an email with an updated schedule notifying her of this change. However, it was not noted in the email that this class was also moved to the end of the day. This change made the class after the instructor's scheduled work hours so no leave time was needed for the class.

We continue to recommend the Training Coordinator notify the Prison Accountant of all schedule changes especially when the change affects the amount of leave time an instructor would need to use.

## **Review of Adult and Juvenile Probation Collection Procedures:**

Adult and juvenile probation fees are accounted for by the state's Common Pleas Case Management System (CPCMS). We discussed collection practices with several Adult Probation, Juvenile Probation, and Clerk of Courts employees. Our goal was to determine how funds owed are entered into CPCMS, who collects payments, what bank account is used to deposit funds collected, and how funds collected are paid out.

### **Juvenile Probation:**

When a juvenile defendant is found guilty, court ordered fines and costs, probation related costs, and restitution owed are entered into CPCMS by the Juvenile Probation staff. Most of the money is collected at the Clerk of Courts payment window and receipted into CPCMS. Juvenile Probation Officers do collect some payments and issue a manual receipt to the defendant. The probation officers take the money and a copy of the manual receipt to the Clerk of Courts payment window to be receipted into CPCMS. The Juvenile Probation Accountant periodically reviews each probation officer's receipt book to account for every receipt and verify that all manual receipts were entered into CPCMS. All funds collected are deposited into the Clerk of Courts General Account. The Clerk of Courts Accountant issues checks to the state, county and local municipalities for fines and costs and restitution checks to crime victims on a monthly basis.

### **Adult Probation:**

When an adult defendant is found guilty, court ordered fines and costs owed are entered into CPCMS by the Clerk of Courts staff. Probation related costs and restitution owed are added to the case by the Adult Probation staff. All payments are collected at the Clerk of Courts payment window and receipted into CPCMS. Adult Probation Officers do not collect payments. All funds collected are deposited into the Clerk of Courts General Account. The Clerk of Courts Accountant issues checks to the state, county and local municipalities for fines and costs and restitution checks to crime victims on a monthly basis.

## **Veterans Treatment Court:**

The Controller championed for the establishment of Veterans Treatment Court in Erie County. The Veterans Court is now functioning with the potential of saving the County taxpayers by reducing inmate days at \$73 per day and annual medical healthcare cost of \$23,000 per VJO (Veteran in the program).

## Additional Comments

### **2015 Bids and RFPs:**

Per the Erie County Purchasing Code, the Controller's Office received 46 advertised bids and RFPs for services costing \$25,000 or more. County Council waived the County Purchasing Code for 6 Contracts for services exceeding the \$25,000 minimum for advertised bidding including the \$1,324,881 Next Generation Radio System Contract. Adherence to the public bidding process is designed to foster competition and benefit the County with the lowest cost provider.

### **Inventory Control Accountability:**

The Controller's Office initiated a major effort in 2013 to protect taxpayer's dollars by refusing to authorize the removal of undocumented "missing" or "disposed" County assets from the County's inventory without prior submission of an Authorization for Disposal of Assets Form to the Controller's Office for approval. The Controller continues to move forward with this process to bring accountability and responsibility for County assets by working with the Administration.

The 2014 Inventory Report presented to the Controller to approve listed 1469 "Disposed without documentation assets" and 135 "missing assets" with a total original purchase value of \$1,534,343. The Controller had recommended and requested that the Administration provide educational training for all County employees on the proper fixed asset acquisition and disposal procedures. The Administration accordingly provided mandatory training sessions for department heads and their delegates. Also in response to the Controller's recommendations, the County Fixed Asset Policy was revised to emphasize accurate reporting of each department's inventory, the Disposal Form completion and approval by the Controller's Office requirement, and the immediate reporting of missing items to the Finance Director. In 2015, the Controller's demand for accountability resulted in the addition to the Policy of monetary consequences to County Departments' budgets with "missing" or "disposed" assets reported on the annual inventory due to proper paperwork not being completed and processed.

Later in 2015, the Administration revised the policy again to raise the dollar limit for an asset requiring a tag from \$300 to \$1,000. This will reduce County's taggable inventory from nearly 30,000 to about 8,000 assets. A Radio Frequency Identification System for County inventory was researched by the Administration with the cost based upon the number of assets tagged.

The Controller recognizes there existed a need to streamline the annual inventory process to, per the Administration, "ease the burden and enhance the accuracy of taking annual physical inventories" but hopes that the result is not reduced accountability for County assets.

## **Erie County Retirement Fund:**

There has been significant progress towards the Controller's recommendation that the Erie County Retirement Board reduce costs by re-examining relationship fees paid in addition to the money manager fees. The 2015 relationship fees declined to \$136,075 versus \$170,022 in 2014 due to the elimination of two consulting contracts in the second half of 2015. The money manager fees in 2015 totaled \$ 835,384. The County taxpayers contributed \$4,341,227 into the County Pension in 2015.

Per the County Employees' Retirement Board Resolution dated September 18, 2013 and the Third Class Pension Code, the annual employee Vacation Buy Back pay is no longer treated as compensation for the purpose of pension payment calculation. The Controller had brought this violation of Act 96 of the PA County Pension Law to the attention of the Board and its Solicitor at the August 2013 Board meeting. 2015 was the second year for this change to take effect with 2016 being the final year of the phase-out completed. Projected savings to the Pension and County taxpayers based upon the 2013 Vacation Buy Back amount over 25 years is over \$4,300,000.

**FINANCE OFFICE**

## **GENERAL FUND ACCOUNTS**

**FINANCE OFFICE  
GENERAL FUND ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Cash and Temporary Investments at Beginning of Year</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash and Temporary Investments at End of Year</u>
General Account	\$35,837,199	\$138,169,667	\$150,370,313	\$23,636,553
Jury Reimbursement Account	(15,932)	91,415	94,013	(18,530)
County Records Improvement Account	162,033	313,771	96,204	379,600

See Accompanying Notes to Financial Statements.

**NOTES TO GENERAL FUND ACCOUNTS  
DECEMBER 31, 2015**

**NOTE 1        -        GENERAL ACCOUNT**

The General Account is maintained to account for all financial transactions not properly accounted for in another fund.

The General Account is under budgetary control required by law. Each year the budget must be approved by County Council. The annual budget is a comprehensive financial plan for the year, which incorporates both estimates of proposed expenditures and the revenues required to finance them.

**NOTE 2        -        JURY REIMBURSEMENT ACCOUNT**

The Jury Reimbursement Account is used to account for payments to individuals serving on Jury Duty.

**NOTE 3        -        COUNTY RECORDS IMPROVEMENT ACCOUNT**

Pursuant to HB 196 of 1998, the County has established a County Records Improvement Account. This Bill stated that a fee in the amount of \$2.00 should be charged and collected for each document recorded. This fee shall be split equally between the "County Records Improvement Account", included as part of this report, and a separate account within the Office of the Recorder of Deeds.

Pursuant to HB 1923 of 2002, the fee charged and collected for each document recorded was increased to \$5.00. The \$5.00 fee will now be allocated with \$2.00 going to the County Records Improvement Fund and \$3.00 being retained in a separate account within the office of the Recorder of Deeds. Funds shall be expended in accordance with a comprehensive records management plan based on the goal of standardizing and equalizing the capabilities of all county offices consistent with their need to receive, manage and provide information to the public as efficiently as possible.

## **SPECIAL REVENUE ACCOUNTS**

**FINANCE OFFICE  
SPECIAL REVENUE ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Cash and Temporary Investments at Beginning of <u>Year</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Cash and Temporary Investments at <u>End of Year</u>
Mental Health/Intellectual Disabilities	\$3,363,548	\$22,638,140	\$25,788,327	\$213,361
Drug & Alcohol Account	591,574	3,727,380	4,309,480	9,474
Children & Youth Account	534,747	60,087,828	59,666,589	955,986
Domestic Relations Account	1,336	5,338,689	5,093,566	246,459
Liquid Fuels Account	454,676	718,238	764,683	408,231
Public Health & Safety Account	(454,755)	6,665,391	6,784,995	(574,359)
Library Account	(875,030)	6,399,360	6,159,362	(635,032)
Planning Account	2,297,244	2,814,144	2,368,800	2,742,588
E-911 Account	46,872	4,927,857	3,924,609	1,050,120
Emergency Management Account	193,554	1,445,678	1,591,267	47,965
Employee Fringe Benefit Account	(990,428)	21,997,594	21,399,178	(392,012)
Gaming Funds Account	584,152	12,917,737	10,836,912	2,664,977
Public Safety Act 56	1,965,661	1,461,371	2,114,638	1,312,394
Healthchoices	10,651,439	77,648,585	79,269,548	9,030,476
HUD Sustainable Communities	107,027	270,464	170,832	206,659

See Accompanying Notes To Financial Statements.

**NOTES TO SPECIAL REVENUE ACCOUNTS  
DECEMBER 31, 2015**

**NOTE 1 - MENTAL HEALTH/MENTAL RETARDATION ACCOUNT**

Administers local agency providers and passes through State Funds along with County Funds to their MH/MR activities. This fund also includes administration of adult services and in-home health services.

**NOTE 2 - DRUG AND ALCOHOL ACCOUNT**

State Funds are passed through to local agency providers along with County Funds for identification and treatment programs.

**NOTE 3 - CHILDREN AND YOUTH ACCOUNT**

Act 148 and County Funds are used to provide caseworkers for Child Protective Services. This account is also used to administer the County's Day Care Programs and the Juvenile Detention Center. This account is also used to administer Act 148, Title IV-A, Title IV-E and County funds used to pay for Court Ordered placement of dependent and delinquent children in protective and correctional institutions.

**NOTE 4 - DOMESTIC RELATIONS ACCOUNT**

Receives cash from defendants under Court Order and disburses the cash to the designated party either the State or plaintiff. These accounts are maintained by Domestic Relations personnel responsible to the Judges of the Court of Common Pleas.

**NOTE 5 - LIQUID FUELS ACCOUNT**

Tax funds received from the Commonwealth are passed through to local municipalities for road and bridge maintenance.

**NOTE 6 - PUBLIC HEALTH ACCOUNT**

Funds are provided by Act 315, Act 12, other grants, and the County. The funds are used to administer personal health services such as clinics, environmental protection services and other health and safety related programs.

**NOTE 7 - LIBRARY ACCOUNT**

Funding comes primarily from the County with additional grants from the Commonwealth of Pennsylvania and certain local municipalities. Several branch libraries are operated throughout the County and bookmobile service is also provided.

**NOTE 8 - PLANNING ACCOUNT**

Accounts for the activities of the County's Planning Department. Funds are received from various State and Federal Agencies including Community Development Block Grants, Coastal Zone Management, Pennsylvania Department of Transportation and County of Erie.

**NOTE 9 - E-911 ACCOUNT**

This account was established to account for the activities of E-911 expenses and revenues as approved by County Government.

**NOTE 10 - EMERGENCY MANAGEMENT ACCOUNT**

This account was established to separate Emergency Management funds from Public Health funds. Funds are provided by PEMA, other grants and the County. The funds are used to administer Emergency Management services.

**NOTE 11 - EMPLOYEE FRINGE BENEFIT ACCOUNT**

This account was established by Ordinance Number 144-2005, as an Internal Service Fund for County-wide fringe benefits.

**NOTE 12 - GAMING FUND ACCOUNT**

During 2013 the Restricted Gaming fund was closed. Gaming funds received from the Commonwealth are deposited in the Unrestricted Gaming Funds Account. Half of these funds are then transferred to the Erie County Gaming Revenue Authority to be used for municipal grants for health, safety and economic development projects. The remaining balance of the Unrestricted Funds can be used at the County's discretion.

**NOTE 13 - PUBLIC SAFETY ACT 56**

This account was established to account for the activities of wireless E911 expenses and revenues as approved by County Government.

**NOTE 14 - HEALTHCHOICES**

State funds are passed through to local agency providers for the medical assistance funding for mental health, drug and alcohol and Children's services programs.

**NOTE 15 - HUD SUSTAINABLE COMMUNITIES**

This account was established by Ordinance Number 2-2012 to account for the revenues and expenses of the HUD Sustainable Communities Grant. The funds are to be used to create a community development plan.

**SPECIAL REVENUE ACCOUNTS**  
**SUPPLEMENTAL INFORMATION**

**LIQUID FUELS ACCOUNT  
DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Cash at Beginning of Year** \$454,676

**RECEIPTS**

Commonwealth of Pennsylvania \$718,212  
Interest 26

718,238  
1,172,914

**DISBURSEMENTS**

Various County Municipalities \$764,683

764,683

**Cash at End of Year** \$408,231

**GAMING FUNDS ACCOUNT  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

**Cash at Beginning of Year** \$584,152

**RECEIPTS**

Commonwealth of PA	\$10,931,886	
Interest Unrestricted Checking	6,351	
Payment from Pleasant Ridge	1,912,000	
Summer JAM Sponsors	66,000	
Prior Period Voids	<u>1,500</u>	
		<u>\$12,917,737</u>
		\$13,501,889

Project Grants	1,793,818	
Transfer to Debt Service	2,523,913	
Transfer to General Fund	1,053,070	
Trans. to ECGRA	5,465,942	
Bank Fees	<u>169</u>	
		<u>10,836,912</u>

Cash at End of Year \$2,664,977

## **DEBT SERVICE FUND ACCOUNTS**

**FINANCE OFFICE  
DEBT SERVICE FUND ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Cash and Investments at Beginning of Year	\$2,307,330
Receipts	7,837,124
Disbursements	<u>8,990,182</u>
Cash and Investments at End of Year	<u>\$1,154,272</u>

See Accompanying Notes To Financial Statements.

**NOTES TO DEBT SERVICE FUND ACCOUNTS  
DECEMBER 31, 2015**

**NOTE 1 - DEBT SERVICE FUND ACCOUNT**

This fund is used to retire County debt obligations.

**NOTE 2 - GENERAL OBLIGATION BONDS**

During 2005, General Obligation Bonds Series A, B and C totaling \$40,815,000 were issued. The Bonds mature in varying amounts annually through 2023. The Series A Bonds were issued to refund the Series B Bonds of 2003 maturing on and after September 1, 2014. The Series B Bonds were issued to fund various capital projects. This series was partially refunded by the 2007 Bond issue. The remaining balance of the 2005 Series B Bonds were refunded by the 2012 Series C Bonds that were issued in 2013. The Series C Bond proceeds were used to make a loan to the Greater Erie Industrial Development Corporation for the development of an Industrial Park. As of December 31, 2015 the balance of the 2005 issue is \$12,480,000.

The County issued 2007 General Obligation Bonds, Refunding Series of 2007 to advance refund a portion of the General Obligation Bonds, Series B of 2005. The Bonds mature in varying amounts annually through 2025. As of December 31, 2015 the balance of the 2007 issue is \$24,640,000.

During 2008 the County issued \$22,055,000 in General Obligation Bonds. The Bonds mature in varying amounts annually through 2017. These bonds are to be used to finance the County's obligation to the Erie Regional Airport Project (\$21,500,000) and the Erie County Courthouse Project (\$1,000,000). As of December 31, 2015 the balance of the 2008 issue is \$5,545,000.

During 2009 the County issued \$10,205,000 in General Obligation Bonds. The Bonds mature in varying amounts annually through 2021. These bonds are to be used to finance the local portion of the renovations to the Tullio Arena and related area. The 2009 Bonds were refunded by the 2012 Series C Bonds. As of December 31, 2015 the balance of the 2009 issue is \$10,000.

The County issued 2012 General Obligation Bonds Series A and B totaling \$13,605,000. The bonds mature in varying amounts annually through 2023. The Series A Bonds were issued to refund the 2003 Series A Bonds maturing on and after September 1, 2014. The Series B Bonds were issued to refund the 2003 Series C Bonds maturing on and after September 1, 2014. 2012 Series C Bonds totaling \$ 10,780,000 were not closed until January 2013. These bonds mature in varying amounts annually through 2021 and were issued to refund the 2005 Series B maturing on and after September 1, 2017 and the 2009 Bonds maturing on and after September 1, 2018. As of December 31, 2015 the balance of the 2012 issue is \$17,530,000.

The county issued 2015 General Obligation Bonds totaling \$17,380,000. The Bonds mature in varying amounts annually through 2030. The bonds were issued to fund the Public Safety Radio Project. As of December 31, 2015 the balance of the 2015 issue is \$17,380,000.

**DEBT SERVICE FUND ACCOUNTS  
SUPPLEMENTAL INFORMATION**

**DEBT SERVICE FUND ACCOUNTS  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

**Cash and Investments at Beginning of Year** \$2,307,330

**RECEIPTS**

Interest Earnings	\$3,002	
Transfer from General Fund	4,752,690	
Transfer from Gaming	2,523,912	
Transfer from Emergency Management Account	300,946	
Transfer from 911 Account	256,574	
Transfer from 2005 Escrow		<u>7,837,124</u>
		<b>\$10,144,454</b>

**DISBURSEMENTS**

Principal & Interest on 2005 General Obligation Bonds	979,700	
Principal & Interest on 2007 General Obligation Bonds	1,161,634	
Principal & Interest on 2008 General Obligation Bonds	2,952,850	
Principal & Interest on 2009 General Obligation Bonds	5,450	
Principal & Interest on 2012 General Obligation Bonds	3,882,204	
Professional Fees (Trustee)	<u>8,344</u>	<u>8,990,182</u>

**Cash and Investments at End of Year** \$1,154,272

## **TRUST AND AGENCY FUND ACCOUNTS**

**TRUST AND AGENCY FUND ACCOUNTS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Cash at Beginning of Year	<u>Cash Receipts</u>	Cash <u>Disbursements</u>	Cash at End of Year
State Account	\$4,195	\$286,107	\$285,766	\$4,536
Retirement Account	244,146	14,868,900	14,639,910	473,136

**NOTES TO TRUST AND AGENCY FUND ACCOUNTS  
DECEMBER 31, 2015**

**NOTE 1 - STATE ACCOUNT**

The State Account is maintained to account for funds collected which are a function of issuing State Licenses, Permits, etc. The various types of licenses and permits issued by the Revenue Department include dog, fishing, bingo, small games of chance and hunting licenses from which the County receives a commission. The amount of the commission varies with type of license or permit issued.

**NOTE 2 - RETIREMENT ACCOUNT**

The County of Erie Employees' Retirement Plan is in effect for all eligible employees and is administered by three members of County Council, the Director of Finance and County Controller. The plan is contributory whereby the County and the employees contribute to provide retirement benefits. The County is obligated to contribute sufficient funds to assure payment of all promised benefits.

**TRUST AND AGENCY FUND ACCOUNTS**  
**SUPPLEMENTAL INFORMATION**

**STATE ACCOUNT  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Cash at Beginning of Year</b>		\$4,195
<b>RECEIPTS</b>		
Dog Licenses	\$116,575	
Fishing Licenses	2,755	
Hunting Licenses	91,578	
Bingo Licenses	4,450	
Commissions	36,850	
Small Games of Chance Licenses	32,625	
Pistol Permits	911	
NSF Check Fees	363	
		<u>286,107</u>
		\$290,302
<b>DISBURSEMENTS</b>		
Commonwealth of Pennsylvania	\$210,469	
Erie County General Fund:		
Commissions	36,550	
Bingo Licenses	4,650	
Pistol Permits	838	
NSF Check Fees	463	
Small Games of Chance Licenses	32,350	
Over Payment to County	<u>446</u>	
		<u>285,766</u>
<b>Cash at End of Year</b>		<u>\$4,536</u>

**RETIREMENT CLEARING ACCOUNT  
 DETAILED SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Cash &amp; Stock at Beginning of Year</b>			\$244,146
<b>RECEIPTS</b>			
Members Contributions		\$3,057,133	
Erie County Contribution		4,341,227	
Interest		403	
Withdrawal from Money Managers		7,400,000	
Loss Recovery		30,422	
Securities Lending		40,162	
Increase in Value of Stock		(447)	
			<u>14,868,900</u>
			\$15,113,046
<b>DISBURSEMENTS</b>			
Retirees Net Benefits		\$11,518,460	
Death Benefits		57,435	
Member Withdrawals		368,013	
Investment Expense		835,385	
Administrative Expense		197,913	
Deductions from Retirees Pay:			
Hospitalization	361,351		
United Way	336		
State Tax	187		
Federal Withholding	<u>1,300,830</u>	<u>1,662,704</u>	<u>14,639,910</u>
<b>Cash and Stock at End of Year</b>			<u>\$473,136</u>
Cash		472,285	
Stock – 100 Share of Nabors Industries Ltd		<u>851</u>	
<b>Total</b>		<u>\$473,136</u>	

